

## **FISCAL NOTE**

### **SB 3115 - HB 3221**

March 8, 2006

**SUMMARY OF BILL:** Specifies that the use of the power of eminent domain is for "public use". "Public Use" is defined as:

- 1) Condemnation by the state, or a political subdivision for a project that it will carry out or operate.
- 2) Condemnation by a state regulated public service corporation providing necessary services to the public.

### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.**

Assumptions:

- Industrial development boards and developmental housing authorities are authorized to use the power of eminent domain to take property. Staff has been unable to find any instance of industrial development boards utilizing this power.
- The use of the power of eminent domain for traditional purposes such as the construction of roads would be a permissible public use, rather than a promotion of economic development.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director